



State of Idaho

Legislative Services Office

Individual Entity Audit Report

A communication to the Joint Finance-Appropriations Committee

SOUTH CENTRAL PUBLIC HEALTH DISTRICT (V)

FY 2006-2007

**Report OP95507
Date Issued: February 24, 2009**

Serving Idaho's Citizen Legislature



Don H. Berg, Manager

Idaho Legislative Services Office
Legislative Audits Division

**SOUTH CENTRAL PUBLIC HEALTH
DISTRICT (V)**

SUMMARY

PURPOSE OF AUDIT REPORT

We have audited the financial statements of the South Central Public Health District (V) for the fiscal years ended June 30, 2006 and 2007, in accordance with auditing standards generally accepted in the United States of America. The purpose of our audit is to determine whether the District's financial statements are materially accurate and reliable, and that it complied with laws and regulations affecting fiscal operations.

CONCLUSION

We conclude that District's financial statements are materially accurate and reliable, and fiscal operations materially comply with related laws and regulations. As a result, we issued an unqualified opinion on the District's financial statements.

FINDINGS AND RECOMMENDATIONS

There is one finding and recommendation in this report.

1. Internal control weaknesses exist in the process for preparing the financial statements and note disclosures.

The complete finding is detailed on pages 26 and 27. A copy of the entire report is available at <http://www.legislature.idaho.gov/audit/auditsummaries.htm>.

PRIOR FINDINGS AND RECOMMENDATIONS

There were no findings and recommendations in the prior report.

AGENCY RESPONSE

The District has reviewed the audit report and is in general agreement with its contents.

OTHER INFORMATION

We discussed other issues which, if changed, would improve internal control, compliance, and efficiency.

This report is intended solely for the information and use of the State of Idaho, the South Central Public Health District, and the District's Board, and is not intended to be used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the director, Rene LeBlanc, and his staff.

ASSIGNED STAFF

Gene Sparks, CPA, Managing Auditor

Patrick Aggers, CPA, In Charge Auditor

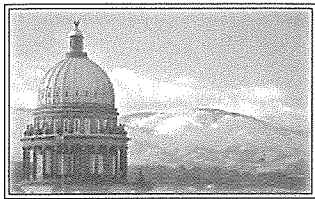
Craig Weathers, CPA, CIA, CFF, Staff Auditor

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Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

February 18, 2009

Unqualified Opinion on
Basic Financial Statements

Independent Auditor's Report

Rene LeBlanc, Director
South Central Public Health District (V)
1020 Washington Street North
Twin Falls, ID 83301

Everett "Buck" Ward
District V Board of Health
P.O. Box 70
Richfield, ID 83349

Dear Mr. LeBlanc and Mr. Ward:

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the remaining fund information of the South Central Public Health District (V), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the major fund and the remaining fund information of the District as of June 30, 2006 and 2007, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of

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an audit performed in accordance with *Government Auditing Standards* and should be considered when assessing the results of our audit.

The District has not presented the Management Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information on pages 14 and 15 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by *OMB Circular A-133*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sincerely,

A handwritten signature in black ink, appearing to read "Don H. Berg", with a long horizontal flourish extending to the right.

Don H. Berg, CGFM, Manager
Legislative Audits Division

STATE OF IDAHO
SOUTH CENTRAL PUBLIC HEALTH DISTRICT (V)
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2006 AND JUNE 30, 2007

	June 30, 2006 Governmental Activities	June 30, 2007 Governmental Activities
ASSETS		
Cash	\$174,464	\$50,124
Investments	1,518,683	1,849,635
Interagency Receivables	451,875	504,201
Accounts Receivable	174,681	268,262
Inventory	149,456	307,782
Capital Assets:		
Nondepreciable	337,709	337,709
Depreciable, net	3,164,732	3,010,260
Total Assets	<u>\$5,971,600</u>	<u>\$6,327,973</u>
LIABILITIES		
Accounts Payable	\$28,865	\$50,089
Payroll and Benefits Payable	146,386	165,946
Unearned Revenue	0	89,482
Non-Current Liabilities		
Compensated Absences (due within one year)	230,498	231,250
Compensated Absences (due in more than one year)	2,422	2,430
Total Liabilities	<u>\$408,171</u>	<u>\$539,197</u>
NET ASSETS		
Invested in Capital Assets	\$3,502,441	\$3,347,969
Unrestricted	2,060,988	2,440,807
Total Net Assets	<u>\$5,563,429</u>	<u>\$5,788,776</u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
SOUTH CENTRAL PUBLIC HEALTH DISTRICT (V)
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2006 AND 2007

FY 2006		Program Revenues		Net (Expenses) Revenues and Changes in Net Assets
Programs	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Administration	\$213,088	\$0	\$0	(\$213,088)
Board of Health	13,075	0	0	(13,075)
General Support	1,040,324	19,362	0	(1,020,962)
Communicable Disease/Preventive Services	1,674,529	554,954	588,105	(531,470)
Environmental Health	891,148	311,365	276,151	(303,632)
Community Health	1,464,511	51,333	1,315,454	(97,724)
Public Health Preparedness	982,002	0	1,002,942	20,940
Total Governmental Activities	\$6,278,677	\$937,014	\$3,182,652	(\$2,159,011)
General Revenues:				
State Appropriation				\$1,300,900
Interest Income				37,183
County Contributions				928,906
Total General Revenues				\$2,266,989
Change in Net Assets				107,978
Beginning Net Assets - Restated				5,455,449
Ending Net Assets				\$5,563,427
FY 2007				
Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets
Governmental Activities:				
Administration	\$274,191	\$0	\$0	(\$274,191)
Board of Health	26,969	12,324	0	(14,645)
General Support	1,051,075	26,225	0	(1,024,850)
Communicable Disease/Preventive Services	1,789,685	654,754	577,885	(557,046)
Environmental Health	861,147	454,753	258,587	(147,807)
Community Health	1,488,464	53,707	1,227,477	(207,280)
Public Health Preparedness	874,211	0	1,027,348	153,137
Total Government Activities	\$6,365,742	\$1,201,763	\$3,091,297	(\$2,072,682)
General Revenues:				
State Appropriation				\$1,265,900
Interest Income				110,951
County Contributions				921,178
Total General Revenues				\$2,298,029
Change in Net Assets				225,347
Beginning Net Assets				5,563,427
Ending Net Assets				\$5,788,774

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
SOUTH CENTRAL PUBLIC HEALTH DISTRICT (V)
BALANCE SHEET - GOVERNMENTAL FUND
AS OF JUNE 30, 2006 AND JUNE 30, 2007

	June 30, 2006 <u>Special Revenue Fund</u>	June 30, 2007 <u>Special Revenue Fund</u>
<u>ASSETS</u>		
Cash	\$174,464	\$50,124
Investments	1,518,683	1,849,635
Interagency Receivables	451,875	504,201
Accounts Receivable	174,681	268,262
Inventory	149,456	307,782
Total Assets	<u>\$2,469,159</u>	<u>\$2,980,004</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$28,865	\$50,089
Deferred Revenue	59,938	52,353
Unearned Revenue	0	89,482
Payroll and Benefits Payable	146,386	165,946
Total Liabilities	<u>\$235,189</u>	<u>\$357,870</u>
Fund Balances		
Reserved for:		
Inventory	\$149,456	\$307,782
Unreserved Special Revenue Fund		
Special Revenue Fund	<u>2,084,514</u>	<u>2,314,352</u>
Total Fund Balance	<u>\$2,233,970</u>	<u>\$2,622,134</u>
Total Liabilities and Fund Balance	<u>\$2,469,159</u>	<u>\$2,980,004</u>
<u>RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS</u>		
Total fund balances for governmental funds	\$2,233,970	\$2,622,134
Amounts reported for governmental activities in the Statement of Net Assets are difference because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	3,502,441	3,347,969
Some of the District's revenue will be collected after year-end but is not available soon enough to pay for the current period's expenditures and therefore is deferred in the funds.	59,938	52,353
Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds. This consists of compensated absences.	<u>(232,920)</u>	<u>(233,680)</u>
Net assets of governmental activities	<u>5,563,429</u>	<u>5,788,776</u>

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
SOUTH CENTRAL PUBLIC HEALTH DISTRICT (V)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEARS ENDED JUNE 30, 2006 AND JUNE 30, 2007

REVENUES

	Year Ended June 30, 2006			Year Ended June 30, 2007		
	Special Revenue Fund 0290	Millennium Fund 0499	Total Governmental Funds	Special Revenue Fund 0290	Millennium Fund 0499	Total Governmental Funds
General Fund Support	\$1,300,900	\$0	\$1,300,900	\$1,265,900	\$0	\$1,265,900
Federal Grants	3,043,736	0	3,043,736	2,956,496	0	2,956,496
State, County, Other Grants	94,016	44,900	138,916	80,562	54,239	134,801
County Contributions	928,906	0	928,906	921,178	0	921,178
Health and Professional Services	924,178	0	924,178	1,193,631	0	1,193,631
Rent and Lease Income	720	0	720	660	0	660
Miscellaneous Revenue	1,719	0	1,719	15,056	0	15,056
Interest	37,183	0	37,183	110,951	0	110,951
Total Revenues	\$6,331,358	\$44,900	\$6,376,258	\$6,544,434	\$54,239	\$6,598,673

EXPENDITURES

Current

Board of Health	\$13,075	\$0	\$13,075	\$26,969	\$0	\$26,969
Administration	213,088	0	213,088	274,191	0	274,191
General Support	846,823	0	846,823	873,006	0	873,006
Communicable Disease/Preventive Services	1,674,529	0	1,674,529	1,789,685	0	1,789,685
Environmental Health	891,148	0	891,148	861,147	0	861,147
Community Health Resources	1,419,611	44,900	1,464,511	1,434,225	54,239	1,488,464
Public Health Preparedness	982,002	0	982,002	874,211	0	874,211
Capital Outlay	87,700	0	87,700	22,837	0	22,837
Total Expenditures	\$6,127,976	\$44,900	\$6,172,876	\$6,156,271	\$54,239	\$6,210,510

Excess (Deficiency) of Revenues Over Expenditures - Net Change in Fund Balance

Beginning Fund Balance - Restated for FY 2006
Ending Fund Balance

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances for Total Governmental Funds

Amounts reported for governmental activities in the Statement of Activities are different because:

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense.

Capital outlays exceeded depreciation in FY 06 and FY 07 by the following amounts:

Miscellaneous transactions involving capital assets such as sales (gain/loss) are reported in the Statement of Activities but only proceeds from sales are reported in the governmental funds.

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This requires an adjustment for compensated absences.

Change in Net Assets of Governmental Activities

	FY 2006	FY 2007
	\$203,382	\$388,163
	10,397	(7,585)
Capital Outlay	87,700	22,837
Depreciation Expense	(181,624)	(177,309)
	(7,694)	0
	(4,183)	(760)
	\$107,978	\$225,346

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The District is not a State agency. In determining how to define the District for financial reporting purposes, management has considered all potential component units in accordance with *GASB Statement 14* as amended by *GASB Statement 39*. The legislature created seven health districts throughout the State in 1970. In 1976, the legislature expressed specific intent that the districts were not to be considered State agencies, but were to be recognized as authorized governmental entities. Although the districts are not State agencies, all districts have opted to process their financial transactions through the State accounting system.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (e.g., the Statement of Net Assets and the Statement of Activities) report information on all activities of the District. These activities are financed through General Fund appropriations, county contributions, federal grants, and program revenues.

The Statement of Net Assets presents the District's assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. *Invested in Capital Assets, Net of Related Debt* are capital assets, net of accumulated depreciation and reduced by related outstanding debt.
2. *Restricted Net Assets* result when constraints placed on a net asset use are externally imposed by contributors, by law, or by enabling legislation.
3. *Unrestricted Net Assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include fees and charges paid by recipients of goods or services offered by the program. Appropriations, contributions, interest income, and other items not meeting the definition of program revenues are reported as general revenue.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities are presented on the statement of net assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under governmental fund accounting, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the year end. Sales of services, interest, and federal grant expenditures are considered to be susceptible to accrual. Expenditures are recorded when a liability is incurred, except for compensated absences, which are recognized as expenditures

to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

ASSETS, LIABILITIES, AND NET ASSETS

Cash

The District's cash is considered to be cash on hand and on deposit with the State Treasurer's Office.

Investments

Investments are reported at fair value. Additional disclosure is included in Note 2.

Accounts Receivable

Accounts receivable consist of county contributions, federal grants, and client fees.

Inventories

Inventories are valued at cost, primarily using the first-in, first-out flow method. The District uses the consumption method of accounting for inventory.

Interagency Receivables

Interagency receivables are funds due from State agencies for contract services. The transfers are usually completed monthly.

Capital Assets

Purchased capital assets are reported at cost. Assets donated or acquired at bargain purchase prices are reported at market value on the date of donation. Only capital assets with a value of \$5,000 or greater are capitalized. Depreciation is recorded using the straight-line method over the assets' estimated useful life as follows:

Equipment	15 years
Building/Improvements	30 years
Vehicles	7 years

Maintenance, repairs, and minor renewals are charged as operating expenses when incurred. When an asset is disposed of, accumulated depreciation is deducted from the original cost, and any gain or loss arising from its disposal is credited or charged to operations.

Additional disclosures related to capital assets are provided in Note 5.

Accounts Payable

Payables in the government-wide financial statements consist primarily of short-term vendor obligations.

Deferred and Unearned Revenue

Deferred (unearned) revenue is recognized when revenue is received prior to being earned. In the government fund statements, deferred revenue is also recognized when revenue is earned but not available.

Other Liabilities

Other liabilities consist of payroll and benefits payable.

Long-Term Liabilities

Government-wide financial statements report long-term obligations as liabilities, with the portion payable within 12 months designated separately from the portion payable in more than 12 months. Long-term liabilities include compensated absences payable, which consists of vacation and compensatory time earned by employees but not paid.

Net Assets

Net assets include investments in capital assets net of related debt. Restricted assets are assets whose use is restricted by grantors, contributors, laws or regulations. Unrestricted assets are assets that do not fall under the previous two categories.

REVENUES AND EXPENDITURES/EXPENSES

In the Government-Wide Statement of Activities, revenues and expenses are segregated by activity and then by function. Additionally, revenues are classified as program or general revenues. Program revenues include charges to clients or applicants for services provided and certain grants and contributions. General revenues include Idaho State appropriations, County contributions, and interest.

In the governmental fund financial statements, revenues are reported by source and expenditures are reported by function. The Special Revenue Fund is used to account for all of the District's activities, except tobacco cessation, which is accounted for in the Millennium Fund.

RESTATEMENTS

The beginning fiscal year 2006 net assets and fund balance figures were restated. The net asset restatement was necessary to adjust for corrections to the capital asset activity and depreciation schedules as stated in prior year financial statements (primarily as specific items of equipment had been excluded in error) and to adjust for corrections to the investment values as stated in prior year financial statements (to include correctly accrued interest). Previously, capital assets were understated by \$62,226, and accumulated depreciation was understated by \$48,514. Also, the investment balance was understated by \$3,057.

The fund balance restatement was necessary to adjust for deferred revenues not recorded in prior year financial statements, as well as the corrections to the investment balances as stated in prior year financial statements (to include all accrued interest). The beginning fiscal year 2006 fund balance was restated by \$46,484 to account for these changes.

Immaterial differences between the financial statements and notes are due to rounding.

NOTE 2. CASH AND INVESTMENTS

The District participates in the State Treasurer's internal and external investment pools. The Idle Fund is an internal investment pool managed by the State Treasurer's Office on behalf of participants. Money not needed to meet immediate operating obligations is invested in accordance with Idaho Code, Section 67-1210 and 67-1210A. Participation in the pool is voluntary.

The District also participates in the Local Government Investment Pool (LGIP) and the Diversified Bond Fund (DBF), which are external investment pools sponsored by the State Treasurer's Office. A copy of the State's *Comprehensive Annual Financial Report (CAFR)*, including the investment pools' financial statements, is available from the Office of the State Controller, Bureau of Reporting and Review, P.O. Box 83720, Boise, Idaho 83720-0011, or on the Controller's Web site at <http://www.sco.idaho.gov>.

Idaho Code, Sections 67-1210 and 67-1210A restrict the State Treasurer to certain types of investments.

Credit Ratings

The LGIP and DBF were rated in fiscal year 2007, but unrated in fiscal year 2006. For fiscal year 2007, both have AA+ fund credit quality ratings, signifying that the portfolio holdings provide extremely strong protection against losses from credit defaults.

Interest Rate Risk

The LGIP has an S1+ volatility rating, indicating extremely low sensitivity to changing market conditions, and a level of risk that is less than or equal to that of a portfolio comprised of the highest-quality fixed income instruments with an average maturity of one year or less.

The following schedule represents the District's investments in the external investment pools and a distribution of the pools' maturities at June 30, 2006 and 2007:

<u>June 30, 2006</u>	<u>Fair Value</u>	<u>Maturity</u>
LGIP	\$519,179	135 days
Diversified Bond Fund	<u>999,504</u>	4.7 years
Total	<u>\$1,518,683</u>	
<u>June 30, 2007</u>		
LGIP	\$789,632	91 days
Diversified Bond Fund	<u>1,060,003</u>	4.4 years
Total	<u>\$1,849,635</u>	

The State Treasurer has an informal investment policy that limits certain investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

The District has no formal policy to mitigate interest rate risk or credit risk.

NOTE 3. COMPENSATED ABSENCES

The District is not a State agency, but has decided to follow State rules. District employee benefits include vacation and sick leave allowances. Overtime may be earned under provisions of the Fair Labor Standards Act and State law. Overtime is commonly referred to as "compensatory time" or "comp time" since employees may take time off for the accrued overtime. For the purposes of earning and accruing overtime there are three general classes of employees:

1. Those who earn overtime at 1.5 times regular pay rates and may be paid for the overtime or take time off.
2. Those who earn overtime at the same rate as regular pay rates and may only take time off.
3. Those who are ineligible for overtime.

Upon termination, the following accrued leave balances are paid:

1. Vacation leave
2. Overtime for those eligible for payment

As of June 30, 2006 and 2007, the following compensated absences have been accrued by employees of the District. These amounts are reported on the government-wide financial statements. A liability for the amount is reported in the governmental funds only if they have matured, for example, as a

result of employee resignation or retirement. Compensated absences are paid from the District's main operating fund.

FY 2006
Changes to Compensated Absences

Beginning Balance July 1, 2005	\$228,737
Increases	233,910
Decreases	<u>229,727</u>
Ending Balance June 30, 2006	<u>\$232,920</u>

The District estimates the amount due within one year is \$230,498. Compensated absences are paid from the District's main operating fund.

FY 2007
Changes to Compensated Absences

Beginning Balance July 1, 2006	\$232,920
Increases	265,106
Decreases	<u>264,346</u>
Ending Balance June 30, 2007	<u>\$233,680</u>

The District estimates the amount due within one year is \$231,250. Compensated absences are paid from the District's main operating fund.

NOTE 4. PENSION PLANS

DEFINED BENEFIT PLAN

The Public Employee Retirement System of Idaho (PERSI), a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries.

The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible State and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits when they reach the age specified by their employment classification. For each year of credited service, the annual service retirement allowance is 2.0% (2.3%, for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The contribution requirements of the District and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2006 and June 30, 2007, the required contribution rate was 10.39% and 6.23% of covered payroll for the District and its employees, respectively. For the period from July 1, 2006 to July 1, 2007, the required contribution rate was 10.39% and 6.23% of covered payroll. District contributions required and paid were \$297,105, \$326,849, and \$336,434, respectively, for the three years ended June 30, 2005, 2006 and 2007.

DEFINED CONTRIBUTION PLAN

The PERSI Choice Plan is the State's defined contribution retirement plan and includes the 401(k) and the 414(k). The 414(k) plan was established for gain sharing allocations from the PERSI Base Plan. Any gain-sharing amount is based on PERSI Base Plan funding levels. The 401(k) plan is open to all active PERSI Base Plan members and was established February 1, 2001. Gain sharing requires 12 months active PERSI membership for eligibility in the 414(k) gain sharing contributions. Assets for both plans are co-mingled.

The PERSI Choice Plan is the State's defined contribution retirement plan. Statutes governing the PERSI Choice Plan are found in Idaho Code, Title 59, Chapter 13. The retirement board created pursuant to Section 59-1304 of the Idaho Code to manage PERSI administer the plan. Participants contribute pre-tax earnings to the plan and direct their own investment mix.

Participants may elect to change their deferral every pay period. Employee pre-tax contributions may be any whole percentage between 1% and 100% of the deferral compensation otherwise payable to the participant during the applicable pay period provided that no contribution may be less than \$130 divided by the number of annual pay periods. Employee pre-tax contributions and employer contributions for any limitation year for all defined contributions shall not exceed the lesser of the following: (1) \$40,000 or such larger amount as may be determined under Idaho Code, Section 415(c)(1)(A); or (2) 100% of the participant's total section 415 compensation received from the employer for such limitation year.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2006 and June 30, 2007 is as follows:

	Balance at July 1, 2005	Increase	Decrease	Balance at June 30, 2006
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$337,709	\$0	\$0	\$337,709
Total Capital Assets Not Being Depreciated	\$337,709	\$0	\$0	\$337,709
Capital Assets Being Depreciated				
Buildings and Improvements	\$3,617,805	\$4,033	\$0	\$3,621,838
Improvements Other Than Buildings	228,476	5,243	0	233,719
Equipment and Vehicles	420,898	78,424	(18,941)	480,381
Total Capital Assets Being Depreciated	\$4,267,179	\$87,700	(\$18,941)	\$4,335,938
Less Accumulated Depreciation For:				
Buildings and Improvements	(\$684,037)	(\$120,728)	\$0	(\$804,765)
Improvements Other Than Buildings	(111,382)	(16,667)	0	(128,049)
Equipment and Vehicles	(205,412)	(44,229)	11,248	(238,393)
Total Accumulated Depreciation	(\$1,000,830)	(\$181,624)	\$11,248	(\$1,171,207)
Total Capital Assets Being Depreciated, Net	\$3,266,348	(\$93,924)	(\$7,693)	\$3,164,731
Governmental Activities Capital Assets, Net	\$3,604,057	(\$93,924)	(\$7,693)	\$3,502,440

	Balance at July 1, 2006	Increase	Decrease	Balance at June 30, 2007
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$337,709	\$0	\$0	\$337,709
Total Capital Assets Not Being Depreciated	\$337,709	\$0	\$0	\$337,709
Capital Assets Being Depreciated				
Buildings and Improvements	\$3,621,838	\$0	\$0	\$3,621,838
Improvements Other Than Buildings	233,719	0	0	233,719
Equipment and Vehicles	480,381	22,837	(40,081)	463,137
Total Capital Assets Being Depreciated	\$4,335,938	\$22,837	(\$40,081)	\$4,318,694
Less Accumulated Depreciation For:				
Buildings and Improvements	(\$804,765)	(\$120,728)	\$0	(\$925,493)
Improvements Other Than Buildings	(128,049)	(11,424)	0	(139,473)
Equipment and Vehicles	(238,393)	(45,157)	40,081	(243,469)
Total Accumulated Depreciation	(\$1,171,207)	(\$177,309)	\$40,081	(\$1,308,435)
Total Capital Assets Being Depreciated, Net	\$3,164,731	(\$154,472)	\$0	\$3,010,259
Governmental Activities Capital Assets, Net	\$3,502,440	(\$154,472)	\$0	\$3,347,968

Depreciation is charged to General Support. In fiscal year 2006, depreciation was \$181,624 and in fiscal year 2007, depreciation was \$177,309.

NOTE 6. OPERATING LEASES

Operating leases are leases for which the District will not gain title to the asset. They contain various renewal options and some have purchase options. Operating lease payments are recorded as expenditures of the related funds when paid or incurred. The District's total operating lease expenditures for fiscal years 2006 and 2007 were \$23,859 and \$16,406, respectively.

Future minimum lease commitments for non-cancelable operating leases as of June 30, 2007 are:

<u>Fiscal Year</u>	<u>Fiscal Year</u>
	2008
	2009
	2010
	2011
	2012
	2013-2018
	Total
	\$28,981
	28,092
	28,619
	28,794
	28,794
	95,741
	<u>\$238,021</u>

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF IDAHO
SOUTH CENTRAL PUBLIC HEALTH DISTRICT (V)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
GOVERNMENTAL FUND (EXCLUDES MILLENNIUM FUND)
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues				
State	\$1,283,100	\$1,265,800	\$1,300,900	\$35,100
County	925,819	925,819	928,906	3,087
Contracts	2,775,540	2,913,706	3,143,793	230,087
Fees	718,068	787,568	944,756	157,188
Interest	0	0	65,549	65,549
Total Revenue	<u>\$5,702,527</u>	<u>\$5,892,893</u>	<u>\$6,383,904</u>	<u>\$491,011</u>

Reconciliation to GAAP Basis Revenues:

Change in Interagency Receivable	(\$6,041)
Change in Accounts Receivable	(7,742)
Change in Deferred Revenue	(10,397)
Unrealized Loss on Investments	(28,366)
Total GAAP Revenues	<u>\$6,331,358</u>

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures				
Personnel	\$4,531,024	\$4,596,642	\$4,488,731	\$107,911
Operating	965,603	1,358,896	1,288,175	70,721
Sub-Grantee	349,754	349,880	347,713	2,167
Capital Outlay	81,400	85,479	87,700	(2,221)
Total Expenditures	<u>\$5,927,781</u>	<u>\$6,390,897</u>	<u>\$6,212,319</u>	<u>\$178,578</u>

Reconciliation to GAAP Basis Expenditures:

Change in Accounts Payable	(\$11,345)
Change in Payroll Payable	(114,649)
Change in Inventory	41,651
Total GAAP Expenditures	<u>\$6,127,976</u>

The accompanying notes are an integral part of these financial schedules.

STATE OF IDAHO
SOUTH CENTRAL PUBLIC HEALTH DISTRICT (V)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
GOVERNMENTAL FUND (EXCLUDES MILLENNIUM FUND)
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Revenues				
State	\$1,266,100	\$1,265,900	\$1,265,900	\$0
County	953,594	953,594	921,178	(32,416)
Contracts	2,754,632	3,050,866	3,074,214	23,348
Fees	928,650	942,591	1,108,181	165,590
Interest	0	229,838	95,662	(134,176)
Total Revenue	<u>\$5,902,976</u>	<u>\$6,442,789</u>	<u>\$6,465,135</u>	<u>\$22,346</u>

Reconciliation to GAAP Basis Revenues:

Change in Interagency Receivable	\$52,326
Change in Accounts Receivable	93,581
Change in Deferred Revenue	7,585
Change in Unearned Revenue	(89,482)
Unrealized Gain on Investments	15,289
Total GAAP Revenues	<u>\$6,544,434</u>

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
Expenditures				
Personnel	\$4,540,296	\$4,732,143	\$4,550,270	\$181,873
Operating	1,040,657	1,388,623	1,417,962	(29,339)
Sub-Grantee	283,023	283,023	282,744	279
Capital Outlay	39,000	39,000	22,837	16,163
Total Expenditures	<u>\$5,902,976</u>	<u>\$6,442,789</u>	<u>\$6,273,813</u>	<u>\$168,976</u>

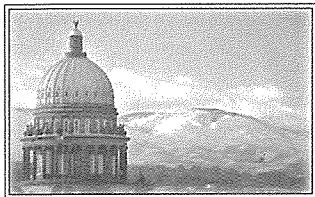
Reconciliation to GAAP Basis Expenditures:

Change in Accounts Payable	\$21,224
Change in Payroll Payable	19,559
Change in Inventory	(158,326)
Total GAAP Expenditures	<u>\$6,156,270</u>

The accompanying notes are an integral part of these financial schedules.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

The chairmen of the boards of county commissioners located within the District serve as the Budget Committee for the District. The District Board of Health submits the budget to the Budget Committee. The budget is prepared on a cash basis. The budget for the District is approved by a majority of the Budget Committee. Any adjustments to the budget are approved by the District Board of Health.



Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

February 18, 2009

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial
Statements Performed in Accordance
with Government Auditing Standards

Rene LeBlanc, Director
South Central Public Health District (V)
1020 Washington Street North
Twin Falls, ID 83301

Everett "Buck" Ward
District V Board of Health
P.O. Box 70
Richfield, ID 83349

Dear Mr. LeBlanc and Mr. Ward:

We have audited the financial statements of the governmental activities, major fund, and the remaining fund information of the South Central Public Health District (V) as of and for the years ended June 30, 2006 and 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in Finding 2007-01 in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described in Finding 2007-01 to be a material weakness.

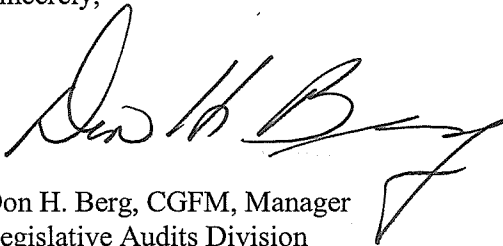
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

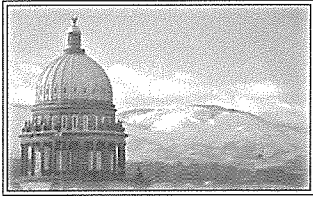
We noted certain other matters that we have reported to the management of the District in a separate letter.

This report is intended solely for the information and use of the State of Idaho, the South Central Public Health District (V), and the District's Board, and is not intended to be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Don H. Berg", with a stylized flourish at the end.

Don H. Berg, CGFM, Manager
Legislative Audits Division



Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

February 18, 2009

Independent Auditor's Report on Compliance With
Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in
Accordance With OMB Circular A-133

Rene LeBlanc, Director
South Central Public Health District (V)
1020 Washington Street North
Twin Falls, ID 83301

Everett "Buck" Ward
District V Board of Health
P.O. Box 70
Richfield, ID 83349

Dear Mr. LeBlanc and Mr. Ward:

Compliance

We have audited the compliance of the South Central Public Health District (V) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements, and performing such other procedures that we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct, material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

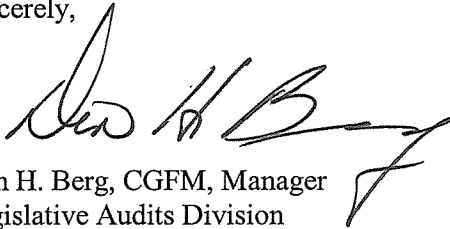
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section, and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as described above. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

This report is intended solely for the information and use of the State of Idaho, the South Central Public Health District (V), the District's Board, and federal awarding agencies, and is not intended to be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Don H. Berg", with a stylized flourish at the end.

Don H. Berg, CGFM, Manager
Legislative Audits Division

STATE OF IDAHO
SOUTH CENTRAL PUBLIC HEALTH DISTRICT (V)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2006 AND 2007

Federal Grantor/Program	Federal CFDA Number	Contract Number	Contract Period	Contract Amount	Federal Expenditures FY 2006	Federal Expenditures FY 2007	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE							
Pass Through Idaho Department of Health and Welfare							
WIC Administration	10.557	HC475800	10/01/04 - 09/30/06	\$1,515,116	\$816,215	\$54,781	\$870,996
WIC Administration	10.557	HC557700	10/01/06 - 09/30/07	787,730	0	734,266	734,266
<i>Total CFDA 10.557</i>					\$816,215	\$789,047	\$1,605,262
TOTAL U.S. DEPARTMENT OF AGRICULTURE					\$816,215	\$789,047	\$1,605,262
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Pass Through Idaho Housing and Finance Administration							
Housing Opportunities for Persons with AIDS	14.241		07/01/05 - 06/30/06	23,713	\$22,201	\$0	\$22,201
Housing Opportunities for Persons with AIDS	14.241		07/01/06 - 06/30/07	16,264	0	15,733	15,733
<i>Total CFDA 14.241</i>					\$22,201	\$15,733	\$37,934
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					\$22,201	\$15,733	\$37,934
U.S. DEPARTMENT OF TRANSPORTATION							
Pass Through Idaho Department of Transportation							
Child Passenger Protection Education	20.600	SOP0502	01/01/05 - 09/30/05	11,600	\$7,160	\$0	\$7,160
Seatbelt Survey	20.600	SO0601	06/05/06 - 07/09/06	3,000	3,000	0	3,000
Seatbelt Survey	20.600	SSB0701	06/04/06 - 07/08/07	4,100	0	3,641	3,641
<i>Total CFDA 20.600</i>					\$10,160	\$3,641	\$13,801
TOTAL U.S. DEPARTMENT OF TRANSPORTATION					\$10,160	\$3,641	\$13,801
U.S. ENVIRONMENTAL PROTECTION AGENCY							
Pass Through Idaho Department of Health and Welfare							
Radon Education	66.032	HC504100	07/01/05 - 06/30/06	3,000	\$3,000	\$0	\$3,000
<i>Total CFDA 66.032</i>					\$3,000	\$0	\$3,000
Public Drinking Water	66.600	S162	07/01/05 - 06/30/06	122,188	\$61,094	\$61,094	\$122,188
<i>Total CFDA 66.600</i>					\$61,094	\$61,094	\$122,188
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY					\$64,094	\$61,094	\$125,188
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Pass Through Idaho Department of Health and Welfare							
Hospital Bioterrorism Preparedness (HRSA)	93.003	HC470600	09/01/04 - 08/31/05	73,730	\$12,302	\$0	\$12,302
Hospital Bioterrorism Preparedness (HRSA)	93.003	HC470600	09/01/04 - 08/31/05	321,755	321,755	0	321,755
<i>Total CFDA 93.003</i>					\$334,057	\$0	\$334,057
TB Observed Therapy	93.116	HC494300	01/01/05 - 12/31/05	12,900	\$4,172	\$0	\$4,172
TB Observed Therapy	93.116	HC535300	01/01/06 - 12/31/06	12,200	2,931	3,282	6,213
TB Observed Therapy	93.116	HC567700	01/01/07 - 12/31/07	14,602	0	5,667	5,667
<i>Total CFDA 93.116</i>					\$7,103	\$8,949	\$16,052
Family Planning	93.217	HC409600	09/01/03 - 06/30/06	199,653	\$75,092	\$0	\$75,092
Family Planning	93.217	HC562000	10/01/06 - 06/30/07	89,717	0	89,712	89,712
<i>Total CFDA 93.217</i>					\$75,092	\$89,712	\$164,804

The accompanying notes are an integral part of the schedule.

STATE OF IDAHO
SOUTH CENTRAL PUBLIC HEALTH DISTRICT (V)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2006 AND 2007

Federal Grantor/Program	Federal CFDA Number	Contract Number	Contract Period	Contract Amount	Federal Expenditures FY 2006	Federal Expenditures FY 2007	Total Federal Expenditures
Adolescent Pregnancy Prevention	93.235	HC496700	03/01/05 - 09/30/05	\$20,000	\$9,455	\$0	\$9,455
Adolescent Pregnancy Prevention	93.235	HC523700	10/01/05 - 08/31/06	35,750	28,987	6,430	35,417
Adolescent Pregnancy Prevention	93.235	HC551900	09/01/06 - 06/08/07	35,000	0	29,624	29,624
<i>Total CFDA 93.235</i>					\$38,442	\$36,054	\$74,496
Immunization	93.268	HC493400	01/01/05 - 12/31/05	100,887	\$17,000	\$0	\$17,000
Immunization	93.268	HC532800	01/01/06 - 12/31/06	101,358	94,358	7,000	101,358
Immunization	93.268	HC566300	01/01/06 - 12/31/06	100,277	0	93,277	93,277
<i>Total CFDA 93.268</i>					\$111,358	\$100,277	\$211,635
Arthritis	93.283	HC544600	07/01/06 - 06/30/07	14,000	\$0	\$14,000	\$14,000
Asthma	93.283	HC463300	09/01/04 - 08/31/05	11,500	800	0	800
Asthma	93.283	HC508300	09/01/05 - 08/31/06	11,000	6,500	4,500	11,000
Asthma	93.283	HC550900	09/01/06 - 08/31/07	14,000	0	7,700	7,700
Breast and Cervical Cancer	93.283	HC499300	07/01/05 - 06/30/06	60,640	60,640	0	60,640
Breast and Cervical Cancer	93.283	HC538800	07/01/06 - 06/30/07	76,588	0	74,365	74,365
Comprehensive Cancer	93.283	HC559000	10/30/06 - 06/30/07	12,000	0	12,000	12,000
Pandemic Influenza Planning	93.283	HC540200	06/01/06 - 08/01/07	200,059	0	85,596	85,596
Public Health Preparedness	93.283	HC470000	08/31/04 - 08/30/05	454,472	69,922	0	69,922
Public Health Preparedness	93.283	HC519800	08/31/05 - 08/30/06	392,645	367,410	25,235	392,645
Public Health Preparedness	93.283	HC556900	08/31/06 - 08/30/07	367,039	0	303,354	303,354
Public Health Preparedness - Surveillance	93.283	HC471800	09/01/04 - 08/30/05	92,857	15,493	0	15,493
Public Health Preparedness - Surveillance	93.283	HC522900	09/01/05 - 08/30/06	158,409	144,179	14,230	158,409
Public Health Preparedness - Surveillance	93.283	HC561200	09/01/06 - 08/30/07	163,085	0	138,345	138,345
Tobacco Prevention	93.283	HC504700	07/01/05 - 06/30/06	43,715	43,715	0	43,715
Tobacco Prevention	93.283	HC542200	07/01/06 - 06/30/08	87,430	0	43,715	43,715
West Nile Virus	93.283	HC501900	06/01/05 - 09/30/05	4,300	2,298	0	2,298
<i>Total CFDA 93.283</i>					\$710,957	\$723,040	\$1,433,997
Child Health and Safety	93.558	5CO83400	09/10/03 - 06/30/07	319,900	\$85,009	\$99,900	\$184,909
Immunization--Reminder Information System	93.558	HC500400	07/01/05 - 06/30/07	167,408	83,704	74,982	158,686
<i>Total CFDA 93.558</i>					\$168,713	\$174,882	\$343,595
Child Care	93.575	WC038800	07/01/02 - 06/30/06	411,757	\$107,500	\$0	\$107,500
Child Care	93.575	WC056200	07/01/06 - 06/30/07	117,500	0	110,360	110,360
<i>Total CFDA 93.575</i>					\$107,500	\$110,360	\$217,860
Hospital Bioterrorism Preparedness (HRSA)	93.889	HC520500	09/01/05 - 08/31/06	86,872	\$66,585	\$10,604	\$77,189
Hospital Bioterrorism Preparedness (HRSA)	93.889	HC520500	09/01/05 - 08/31/06	261,059	0	258,254	258,254
Hospital Bioterrorism Preparedness (HRSA)	93.889	HC556300	09/01/06 - 08/31/07	81,957	0	65,109	65,109
<i>Total CFDA 93.889</i>					\$66,585	\$333,967	\$400,552
Ryan White Care Services	93.917	HC449900	04/01/05 - 03/31/06	76,398	\$20,728	\$21,513	\$42,241
<i>Total CFDA 93.917</i>					\$20,728	\$21,513	\$42,241
HIV Prevention	93.940	HC491000	01/01/05 - 12/31/07	87,266	\$24,611	\$30,793	\$55,404
HIV Prevention (HC/PI)	93.940	HC536800	03/15/06 - 12/31/07	20,000	4,250	10,000	14,250
<i>Total CFDA 93.940</i>					\$28,861	\$40,793	\$69,654
HIV Surveillance	93.944	HC492700	01/01/05 - 12/31/05	3,400	\$3,400	\$0	\$3,400
HIV Surveillance	93.944	HC534600	01/01/06 - 12/31/06	3,400	2,715	685	3,400
HIV Surveillance	93.944	HC567000	01/01/07 - 12/31/07	3,500	0	0	0
<i>Total CFDA 93.944</i>					\$6,115	\$685	\$6,800

The accompanying notes are an integral part of the schedule.

STATE OF IDAHO
SOUTH CENTRAL PUBLIC HEALTH DISTRICT (V)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2006 AND 2007

Federal Grantor/Program	Federal CFDA Number	Contract Number	Contract Period	Contract Amount	Federal Expenditures FY 2006	Federal Expenditures FY 2007	Total Federal Expenditures
Arthritis	93.945	HC500700	07/01/05 - 06/30/06	\$14,000	\$14,000	\$0	\$14,000
<i>Total CFDA 93.945</i>					\$14,000	\$0	\$14,000
Sexually Transmitted Disease	93.977	HC491000	01/01/05 - 12/31/07	56,926	\$17,564	\$20,976	\$38,540
<i>Total CFDA 93.977</i>					\$17,564	\$20,976	\$38,540
Diabetes Control	93.988	HC497500	04/07/05 - 03/31/06	15,250	\$11,054	\$0	\$11,054
Diabetes Control	93.988	HC536300	04/01/06 - 03/29/07	17,250	6,193	11,057	17,250
Diabetes Control	93.988	HC570000	04/01/07 - 03/29/08	17,250	0	7,480	7,480
<i>Total CFDA 93.988</i>					17,247	18,537	35,784
Injury Prevention	93.991	HC487800	10/01/04 - 09/30/05	38,821	\$0	\$0	\$0
Injury Prevention	93.991	HC522400	10/01/05 - 09/30/06	42,688	38,892	3,796	42,688
Injury Prevention	93.991	HC563500	11/01/06 - 09/30/07	36,000	0	32,159	32,159
<i>Total CFDA 93.991</i>					\$38,892	\$35,955	\$74,847
Body Mass Index	93.994	HC490200	01/01/05 - 12/31/05	13,750	\$12,115	\$0	\$12,115
Children's Special Health Program	93.994	HC384700	10/01/03 - 09/30/04	5,000	604	0	604
Epidemiology Notification	93.994	HC477300	10/01/04 - 09/30/05	29,505	6,738	0	6,738
Epidemiology Notification	93.994	HC525300	10/01/05 - 09/30/06	28,813	25,856	2,957	28,813
Epidemiology Notification	93.994	HC562900	10/01/06 - 09/30/07	29,560	0	28,897	28,897
Family Planning	93.994	HC410400	10/01/03 - 09/30/06	252,000	84,000	84,000	168,000
Oral Health	93.994	HC478500	10/14/04 - 09/30/05	24,438	0	0	0
Oral Health	93.994	HC526100	10/07/05 - 09/30/06	25,085	21,006	4,079	25,085
Oral Health	93.994	HC560600	10/01/06 - 09/30/07	30,096	0	30,096	30,096
<i>Total CFDA 93.994</i>					\$150,319	\$150,029	\$300,348
Total Pass Through Idaho Department of Health and Welfare					\$1,913,533	\$1,865,729	\$3,779,262
Pass Through Idaho Department of Health and Welfare, Region V							
Child Find	93.778	5C084000	07/01/05 - 06/30/06	37,000	\$23,004	\$0	\$23,004
<i>Total CFDA 93.778</i>					\$23,004	\$0	\$23,004
Total Pass Through Idaho Department of Health and Welfare, Region V					\$23,004	\$0	\$23,004
Pass Through Idaho North Central District Health Department							
Refugee Health Program	93.566	None	10/01/04 - 09/30/05	4,000	\$4,685	\$0	\$4,685
Refugee Health Program	93.566	None	10/01/05 - 09/30/06		32,537	9,150	41,687
Refugee Health Program	93.566	None	10/01/06 - 09/30/07		0	36,950	36,950
<i>Total CFDA 93.566</i>					\$37,222	\$46,100	\$83,322
Refugee Health Program	93.576	None	10/01/04 - 09/30/05	4,000	\$1,000	\$0	\$1,000
Refugee Health Program	93.576	None	10/01/05 - 09/30/06	11,300	0	0	0
Refugee Health Program	93.576	None	10/01/05 - 09/30/06	10,000	0	971	971
<i>Total CFDA 93.576</i>					\$1,000	\$971	\$1,971
Total Pass Through Idaho North Central District Health Department					\$38,222	\$47,071	\$85,293
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					\$1,974,759	\$1,912,800	\$3,887,559

The accompanying notes are an integral part of the schedule.

STATE OF IDAHO
SOUTH CENTRAL PUBLIC HEALTH DISTRICT (V)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2006 AND 2007

Federal Grantor/Program	Federal CFDA Number	Contract Number	Contract Period	Contract Amount	Federal Expenditures FY 2006	Federal Expenditures FY 2007	Total Federal Expenditures
U.S. FOOD AND DRUG ADMINISTRATION							
Pass Through Idaho Department of Health & Welfare							
FDA Food Protection	None	HC406900	07/01/03 - 06/30/06	\$21,107	\$5,257	\$0	\$5,257
<i>Total FDA Food Protection</i>					\$5,257	\$0	\$5,257
TOTAL U.S. FOOD AND DRUG ADMINISTRATION					\$5,257	\$0	\$5,257
TOTAL CASH EXPENDITURES OF FEDERAL AWARDS					\$2,892,686	\$2,782,315	\$5,675,001
NON-CASH EXPENDITURES OF FEDERAL AWARDS							
Vaccine Serum	93.268				\$368,371	\$514,568	\$882,939
WIC Food Vouchers	10.557				3,043,749	3,236,212	6,279,961
TOTAL NON-CASH EXPENDITURES OF FEDERAL AWARDS					\$3,412,120	\$3,750,780	\$7,162,900
GRAND TOTAL EXPENDITURES OF FEDERAL AWARDS					\$6,304,806	\$6,533,095	\$12,837,901

The accompanying notes are an integral part of the schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

The CFDA refers to the *Catalog of Federal Domestic Assistance*, which is a government-wide list of individual federal programs. Federal award programs for which we could not determine a number are identified with the first two digits that identify the federal grantor department, followed by ".999."

NOTE 2. WIC FOOD VOUCHERS

The District determines eligibility for the Women, Infants and Children (WIC) program. Within the WIC program, the District distributes food checks to clients and controls unissued food checks. The Idaho Department of Health and Welfare issues and redeems food checks, controls the food checks issued, and reviews program compliance. The value of the food checks redeemed through the Idaho Department of Health and Welfare during fiscal years 2006 and 2007 was \$3,043,749 and \$3,236,212, respectively.

NOTE 3. VALUE OF VACCINE SERUM

The District provides vaccines free of charge to children 18 years of age or younger. The District determines whether the vaccine recipient is eligible to receive the vaccine under the Federal Immunization Grant. The vaccine serums are ordered by the Idaho Department of Health and Welfare, and delivered to the District as needed. The vaccine serum value supplied by the State Health and Welfare Department was \$368,371 in fiscal year 2006 and \$514,568 in fiscal year 2007.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Basic Financial Statements

1. The independent auditor's report on the basic financial statements expressed an unqualified opinion.
2. The audit of the basic financial statements disclosed a significant deficiency that was considered a material weakness.
3. The audit did not disclose any instances of noncompliance considered material to the basic financial statements.

Federal Awards

4. The audit disclosed no significant deficiencies or material weaknesses in internal control over major programs.
5. The independent auditor's report on compliance for major programs expressed an unqualified opinion for all major programs.
6. The audit did not disclose any findings that must be reported in accordance with criteria in Section 510a of *OMB Circular A-133*.
7. Major programs are listed below:

<u>Program Title</u>	<u>CFDA Number</u>
WIC	10.557
Immunization Grants	93.268
Centers for Disease Control and Prevention	93.283
Bioterrorism HRSA	93.889

8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. South Central Public Health District (V) did not qualify as a low-risk auditee as defined by *OMB Circular A-133*.

SECTION II. FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

FINDING 2007-01

Internal control weaknesses exist in the process for preparing the financial statements and note disclosures.

Internal controls are essential to ensure that financial statements and note disclosures are accurate and complete. We noted several errors and omissions in the financial statements as a result of internal control weaknesses. We are required by generally accepted auditing standards to disclose the weaknesses in the report. The following are the examples of the conditions we noted.

1. The Statement of Activities included amounts that were misclassified.
2. The investment balances and income amounts were not reported accurately.
3. A \$13,000 warrant was held for an extended period of time, causing cash to be understated at year end.
4. The notes to the financial statements were missing disclosures required by accounting standards.
5. Depreciation expense was calculated incorrectly.

6. Assets were not capitalized in accordance with policy.
7. The Beginning Net Assets amount required restatement.

Adjustments were made to the financial statements to correct the conditions listed above.

The overall internal control structure of the District is adequate. These conditions represent instances where controls should be reviewed and strengthened.

RECOMMENDATION

We recommend that the District review the internal controls over preparation of the financial statements and notes, and strengthen the process as appropriate. The review should include the process for ensuring the completeness and accuracy of the financial statements and note disclosures.

AGENCY'S RESPONSE AND CORRECTIVE ACTION PLAN

The auditors' recommendations have been considered,, and our plan follows.

- All adjustments suggested by the auditors have been implemented on the financial statements and note disclosures for the years ended June 30, 2006 and 2007.
- District fiscal staff will review internal controls over preparation of the financial statements and notes, and strengthen processes as appropriate.
- We will continue to consult with the auditors on the preparation of our financial statements and notes, but we will ensure that the financial statements are in their final form before submittal to the Legislative Services Office for audit.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

AGENCY RESPONSE



**South Central
Public Health District**
Prevent. Promote. Protect.

District Office

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Twin Falls, ID
83301-3156
(208)734-5900
Fax (208)734-9502

Satellite Offices

Bellevue

117 East Ash St.
Bellevue, ID
83313
(208)788-4335
Fax (208)788-0098

Burley

2311 Parke Ave.
Unit 4, Ste. 4
Burley, ID
83318-2170
(208)678-8221
Fax (208)678-7465

Gooding

145 7th Ave. E.
Gooding, ID
83330-1660
(208)834-4477
Fax (208)834-8558

Jerome

951 East Avenue H
Jerome, ID
83338-2805
(208)324-8838
Fax (208)324-9554

Rupert

1218 9th St., Ste. 15
Rupert, ID
83350-2202
(208)436-7185
Fax (208)436-9066

February 2, 2009

Mr. Gene Sparks
Managing Auditor
Legislative Services Office
P.O. Box 83720
Boise, ID 83720-0054

Dear Mr. Sparks:

I have reviewed the recently completed audit report of South Central Public Health District for Fiscal Years 2006 and 2007. The audit report notes one finding related to internal control weaknesses existing in the process for preparing the financial statements and note disclosures.

The auditors' recommendations have been considered, and our plan follows.

- All adjustments suggested by the auditors have been implemented on the financial statements and note disclosures for the years ended June 30, 2006 and 2007.
- District fiscal staff will review internal controls over preparation of the financial statements and notes, and strengthen processes as appropriate.
- We will continue to consult with the auditors on the preparation of our financial statements and notes, but we will ensure that the financial statements are in their final form before submittal to the Legislative Services Office for audit.

I would like to thank you and your staff on the recently completed audit. Patrick Aggers, Craig Weathers, Wade Kimball, and Brinton Croff conducted themselves professionally in all aspects of the audit. I appreciate their suggestions and input to improve our daily operations. Please extend my thanks to them.

Sincerely,

Rene R. LeBlanc
District Director

RRL/bms

APPENDIX

HISTORY

The following is a chronological history of the basic health care services that the State has provided to the public.

- 1907 – The State Board of Health and counties that had local boards of health were statutorily authorized joint responsibility for public health.
- 1947 – A public health district law was enacted that permitted two or more counties to establish a public health district. Participation in the forming of the health districts was voluntary.
- 1970 – The legislature established a law that created seven mandatory public health districts. In South Central District Health (V), the counties designated were Blaine, Camas, Cassia, Gooding, Jerome, Lincoln, Minidoka, and Twin Falls. The director of the State Department of Health and Welfare was designated fiscal officer for the various districts.
- 1976 – Legislative intent was expressed that the health districts are not State agencies, and that they be recognized as authorized governmental entities.
- 1986 – Idaho Code was amended to allow district health departments to promulgate rules and regulations without the State Board of Health's approval.
- 1993 – The legislature clarified the need for district health departments to use the Idaho Administrative Procedures Act for fees and rules.

PURPOSE

The purpose of the District is to provide and support public health education and administration, family and child health, environmental health, and community health surveillance; to preserve and protect public health; to prevent disease, disability, and premature death; to promote healthy lifestyles; and to protect and promote the health and quality of our environment.

STATUTORY AUTHORITY

The statutory authority for the District is found in Idaho Code, Title 39, Chapter 4.

ORGANIZATION

The District is supervised by an eight-member board appointed by the county commissioners of the counties served. Board members serve staggered five-year terms, and are reimbursed \$75 per working day plus all necessary travel expenses. The Board appoints a director to administer and manage day-to-day activities of the District. Three physicians provide medical consulting services to the District.

The District is organized into four major sections:

1. Administration and General Support – Provides support to the other sections with administration, budget, accounting, personnel, payroll, information systems, facilities, and other support services.
2. Clinical and Disease Prevention – Provides services such as immunizations, family planning, and communicable disease control.
3. Environmental Health – Provides licensing, inspection, investigation, and monitoring services for food establishments, day care centers, public swimming pools, water systems, sewage systems, and solid waste sites.
4. Community Health Services – Directs community health assessment, education, and coalition activities; provides nutrition, school health, and other health promotion/ screening services.

The District has a central office in Twin Falls and six satellite offices in Burley, Gooding, Bellevue, Jerome, Rupert, and Shoshone. An organizational chart is included.

FUNDING

The financing for the District comes from county contributions; State General Fund appropriation; other special appropriations; federal, State, and private contracts; and fees and donations from recipients of services, equipment, and supplies. The amount included in the District's General Fund appropriation request is determined by Idaho Code, Section 39-425. The Idaho Legislature sets the District's annual General Fund appropriation, which can be more or less than the amount requested.

